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102D CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPT. 102–171
Part 2

INTERMODAL SURFACE TRANSPORTATION INFRASTRUCTURE ACT OF 1991

AUGUST 2, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

together with

SUPPLEMENTAL, MINORITY, AND ADDITIONAL VIEWS

[To accompany H.R. 2950]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2950) to develop a national intermodal surface transportation system, to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

At the end of the bill insert the following new title:

TITLE VII—INCREASE AND EXTENSION OF HIGHWAY-RELATED TAXES AND TRUST FUND

SEC. 701. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the "Surface Transportation Revenue Act of 1991".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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Subtitle A—Highway-Related Taxes and Trust Fund

SEC. 711. 5-CENT INCREASE IN FUEL TAXES.

(a) GASOLINE.—Clause (i) of section 4081(a)(2)(B) (relating to imposition of tax on gasoline) is amended by striking "11.5 cents" and inserting "16.5 cents (11.5 cents after September 30, 1996)".

(b) DIESEL FUEL.—Paragraph (2) of section 4091(b) is amended by striking "17.5 cents" and inserting "22.5 cents (17.5 cents after September 30, 1996)".

(c) CONFORMING AMENDMENTS.—

(1)(A) Subsection (c) of section 4041 is amended by striking paragraphs (2) and (3) and by redesignating paragraphs (4) and (5) as paragraphs (2) and (3), respectively.

(B) Paragraph (3) of section 4041(c), as redesignated by subparagraph (A), is amended by striking "The taxes imposed by paragraphs (1) and (2)" and inserting "The tax imposed by paragraph (1)".

(2) Paragraph (1) of section 4041(k) is amended by adding "and" at the end of subparagraph (A), by striking ", and" at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(3) Subparagraph (A) of section 4041(m)(1) is amended by striking "5.75 cents" and inserting "10.75 cents (5.75 cents after September 30, 1996)".

(4)(A) Subsection (c) of section 4081 is amended by striking "6.1 cents" each place it appears and inserting "11.1 cents (6.1 cents after September 30, 1996)".

(B) Paragraph (4) of section 4081(c) is amended by striking "substituting" and all that follows and inserting "substituting the rate which is 0.6 cent less than the applicable rate contained therein."

(5)(A) Subsection (c) of section 4091 is amended by striking "12.1 cents" each place it appears and inserting "17.1 cents (12.1 cents after September 30, 1996)".

(B) Subparagraph (B) of section 4091(c)(1) is amended by striking "13.44 cents per gallon" and inserting "the rate which is 10/9th of the rate applicable under subparagraph (A)".

(6)(A) Subsection (a) of section 6421 is amended to read as follows:

"(a) NONHIGHWAY USES.—

"(1) IN GENERAL.—Except as provided in paragraph (2) and in subsection (j), if gasoline is used—

"(A) in an off-highway business use, or

"(B) as a fuel in an aircraft,

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the aggregate tax imposed on such fuel under section 4081.

"(2) LIMITATION ON AVIATION USE.—In the case of fuel used in an aircraft—

"(A) NONCOMMERCIAL AVIATION USE.—If the use is in noncommercial aviation (as defined in section 4041(c)(2)), only the excess of the aggregate rate of tax imposed by section 4081 over 15.1 cents per gallon shall be taken into account under paragraph (1).

"(B) LEAKING UNDERGROUND STORAGE TANK TRUST FUND TAX.—The Leaking Underground Storage Tank Trust Fund financing rate shall not be taken into account under paragraph (1)."

(B) Subsection (f) of section 6421 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(7)(A) Subparagraph (A) of section 6427(b)(2) is amended by striking "3.1 cents" and inserting "8.1 cents (3.1 cents in the case of taxes imposed after September 30, 1996)".

(B) The heading for paragraph (2) of section 6427(b) is amended by striking "3-CENT REDUCTION" and inserting "REDUCTION".

(8) Section 6427 is amended by striking subsection (m) and by redesignating subsections (n) through (r) as subsections (m) through (q), respectively.

(9) Paragraph (2) of section 6427(p), as so redesignated, is amended by striking "section 4041(c)(4)" and inserting "section 4041(c)(2)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1992.

SEC. 712. EXTENSION OF HIGHWAY-RELATED TAXES AND TRUST FUND.

(a) EXTENSION OF TAXES.—The following provisions are each amended by striking "1995" each place it appears and inserting "1998":

(1) Section 4051(c) (relating to tax on heavy trucks and trailers sold at retail).

(2) Section 4071(d) (relating to tax on tires and tread rubber).

(3) Paragraphs (1) and (3) of section 4081(d) (relating to gasoline tax).

(4) Subparagraphs (A) and (D) of section 4091(b)(6) (relating to diesel fuel tax).

(5) Sections 4481(e), 4482(c)(4), and 4482(d) (relating to highway use tax).

(b) EXTENSION OF EXEMPTIONS.—The following provisions are each amended by striking "1995" each place it appears and inserting "1998":

(1) Section 4041(f)(3) (relating to exemptions for farm use).

(2) Section 4041(g) (relating to other exemptions).

(3) Section 4221(a) (relating to certain tax-free sales).

(4) Section 4483(g) (relating to termination of exemptions for highway use tax).

(5) Section 6420(h) (relating to gasoline used on farms).

(6) Section 6421(i) (relating to gasoline used for certain nonhighway purposes, etc.).

(7) Section 6427(g)(5) (relating to advance repayment of increased diesel fuel tax).

(8) Section 6427(n) (relating to fuels not used for taxable purposes), as redesignated by section 711.

(c) OTHER PROVISIONS.—

(1) FLOOR STOCKS REFUNDS.—Section 6412(a)(1) (relating to floor stocks refunds) is amended—

(A) by striking "1995" each place it appears and inserting "1998", and

(B) by striking "1996" each place it appears and inserting "1999".

(2) INSTALLMENT PAYMENTS OF HIGHWAY USE TAX.—Section 6156(e)(2) (relating to installment payments of tax on use of highway motor vehicles) is amended by striking "1995" and inserting "1998".

(d) EXTENSION OF DEPOSITS INTO, AND CERTAIN TRANSFERS FROM, TRUST FUND.—

(1) IN GENERAL.—Subsection (b), and paragraphs (2) and (3) of subsection (c), of section 9503 (relating to the Highway Trust Fund) are each amended—

(A) by striking "1995" each place it appears and inserting "1998", and

(B) by striking "1996" each place it appears and inserting "1999".

(2) ONLY NET REVENUE DEPOSITED.—

(A) Subsection (b) of section 9503 is amended by redesignating paragraph (5) as paragraph (7) and by inserting after paragraph (4) the following new paragraph:

"(5) ONLY NET REVENUES OF JANUARY 1, 1992, INCREASE IN TAX TAKEN INTO ACCOUNT.—

"(A) IN GENERAL.—For purposes of this section and section 9502, the Highway Trust Fund financing rate shall be treated as being equal to the sum of—

"(i) 11.5 cents per gallon, plus

"(ii) the net portion of the 1992 increase.

"(B) NET PORTION OF 1992 INCREASE.—For purposes of subparagraph (A), the net portion of the 1992 increase is the amount which bears the same ratio to 5 cents per gallon as—

"(i) the net revenues from a 5 cent per gallon Highway Trust Fund financing rate bear to

"(ii) the taxes described in subparagraph (C)(i).

"(C) NET REVENUES.—For purposes of subparagraph (B), net revenues shall be determined by the Secretary on the basis of the Secretary's estimate of the excess of—

"(i) the taxes received in the Treasury which are attributable to a 5 cent Highway Trust Fund financing rate, over

"(ii) the decrease in the tax imposed by chapter 1 resulting from the taxes described in clause (i).

"(D) APPLICATION OF PARAGRAPH.—This paragraph shall apply to taxes imposed after December 31, 1991, and before October 1, 1996."

(3) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Section 201(b) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-11) is amended—

(A) by striking "1995" and inserting "1998", and

(B) by striking "1996" each place it appears and inserting "1999".

(e) EXTENSION AND EXPANSION OF EXPENDITURES FROM TRUST FUND.—

(1) EXPENDITURES.—Subsections (c)(1) and (e)(3) of section 9503 are each amended by striking "1993" and inserting "1996".

(2) PURPOSES.—Paragraph (1) of section 9503(c) is amended by striking subparagraph (D) and inserting the following:

"(D) authorized to be paid out of the Highway Trust Fund under the Intermodal Surface Transportation Infrastructure Act of 1991.

In determining the authorizations under the Acts referred to in the preceding subparagraphs, such Acts shall be applied as in effect on the date of the enactment of the Intermodal Surface Transportation Infrastructure Act of 1991."

(f) INCREASE IN TRANSFERS TO MASS TRANSIT ACCOUNT.—

(1) IN GENERAL.—The last sentence of section 9503(e)(2) is amended by striking "at a rate" and all that follows and inserting "at the rate (for each gallon with respect to which tax was imposed under section 4041, 4081, or 4091) equal to the sum of 1.5 cents plus, in the case of taxes imposed after December 31, 1991, and before October 1, 1996, 20 percent of the net portion of the 1992 increase (determined under subsection (b)(5))."

(2) EXPANSION OF EXPENDITURE PURPOSES.—Paragraph (3) of section 9503(e) is amended—

(A) by striking "capital" the first place it appears,

(B) by striking "section 21(a)(2)" and inserting "subsection (a)(2) or (b) of section 21", and

(C) by inserting before the period "or in accordance with the Intermodal Surface Transportation Infrastructure Act of 1991 (as such Acts are in effect on the date of the enactment of the Intermodal Surface Transportation Infrastructure Act of 1991)".

(g) USE OF REVENUES FOR MOTOR FUELS TAX ENFORCEMENT.—The Secretary of Transportation shall not impose any condition on the use of funds transferred under section 144 of this Act to the Internal Revenue Service. The Secretary of the Treasury shall, at least 60 days before the beginning of each fiscal year for which such funds are to be transferred, submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate detailing the increased motor fuels enforcement activities to be financed with such funds.

SEC. 713. REPEAL OF FEE FOR CERTAIN RECREATIONAL VESSELS; TEMPORARY REDUCTION IN MOTORBOAT FUEL TAX TRANSFERS TO HIGHWAY TRUST FUND.

(a) REPEAL OF FEE.—

(1) IN GENERAL.—Section 2110(b) of title 46, United States Code, is amended—

(A) in paragraph (1) by striking "greater than 16 feet in length" and inserting "27 feet or more in length"; and

(B) in paragraph (2)—

(i) by striking subparagraphs (A) and (B); and

(ii) by redesignating subparagraphs (C) and (D) as subparagraphs (A) and (B), respectively.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 1992.

(b) TEMPORARY REDUCTION IN MOTORBOAT FUEL TAX TRANSFERS TO HIGHWAY TRUST FUND.—

(1) IN GENERAL.—Subsection (b) of section 9503 (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes) is amended by inserting after paragraph (5) the following new paragraph:

"(6) TEMPORARY REDUCTION IN MOTORBOAT FUEL TAX TRANSFERS.—In the case of motorboat fuel taxes (as defined in subsection (c)(4)(D)) imposed after November 30, 1990, and before October 1, 1995, for purposes of determining—

"(A) the amount appropriated by paragraph (1) by reason of such taxes, and

"(B) the amount of such taxes transferred under subsection (c)(4),

the Highway Trust Fund financing rate shall be determined without regard to increases in such rate which took effect on December 1, 1990, or January 1, 1992."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act. The Secretary of the Treasury shall transfer from the Sport Fish Restoration Account to the general fund of the Treasury such amounts as are necessary to carry out the amendment made by paragraph (1) with respect to amounts deposited into the Highway Trust Fund before such date of enactment.

Subtitle B—Floor Stock Taxes

SEC. 721. FLOOR STOCK TAXES.

(a) IMPOSITION OF TAX.—In the case of gasoline and diesel fuel on which tax was imposed under section 4081 or 4091 of the Internal Revenue Code of 1986 before January 1, 1992, and which is held on such date by any person, there is hereby imposed a floor stocks tax on such gasoline and diesel fuel.

(b) RATE OF TAX.—The rate of the tax imposed by subsection (a) shall be 5 cents per gallon. In the case of any fuel held for use in producing a mixture described in section 4081(c)(1) or section 4091(c)(1)(A) of such Code, the preceding sentence shall be applied by substituting "6.22 cents" for "5 cents". If no alcohol in such mixture is ethanol, the preceding sentence shall be applied by substituting "5.56 cents" for "6.22 cents".

(c) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(1) LIABILITY FOR TAX.—A person holding gasoline or diesel fuel on January 1, 1992, to which the tax imposed by subsection (a) applies shall be liable for such tax.

(2) METHOD OF PAYMENT.—The tax imposed by subsection (a) shall be paid in such manner as the Secretary shall prescribe.

(3) TIME FOR PAYMENT.—The tax imposed by subsection (a) shall be paid on or before May 31, 1992.

(d) DEFINITIONS.—For purposes of this section—

(1) HELD BY A PERSON.—Gasoline and diesel fuel shall be considered as "held by a person" if title thereto has passed to such person (whether or not delivery to the person has been made).

(2) GASOLINE.—The term "gasoline" has the meaning given such term by section 4082 of such Code.

(3) DIESEL FUEL.—The term "diesel fuel" has the meaning given such term by section 4092 of such Code.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(e) EXCEPTION FOR EXEMPT USES.—The tax imposed by subsection (a) shall not apply to gasoline or diesel fuel held by any person exclusively for any use to the extent a credit or refund of the tax imposed by section 4081 or 4091 of such Code, as the case may be, is allowable for such use.

(f) EXCEPTION FOR FUEL HELD IN VEHICLE TANK.—No tax shall be imposed by subsection (a) on gasoline or diesel fuel held in the tank of a motor vehicle or motorboat.

(g) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(1) IN GENERAL.—No tax shall be imposed by subsection (a)—

(A) on gasoline held on January 1, 1992, by any person if the aggregate amount of gasoline held by such person on such date does not exceed 4,000 gallons, and

(B) on diesel fuel held on January 1, 1992, by any person if the aggregate amount of diesel fuel held by such person on such date does not exceed 2,000 gallons.

The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this subsection.

(2) EXEMPT FUEL.—For purposes of paragraph (1), there shall not be taken into account fuel held by any person which is exempt from the tax imposed by subsection (a) by reason of subsection (e) or (f).

(3) CONTROLLED GROUPS.—

(A) CORPORATIONS.—In the case of a controlled group, the 4,000 and 2,000 gallon amounts specified in paragraph (1) shall be apportioned among the persons who are component members of such group in such manner as the Secretary shall by regulations prescribe. For purposes of the preceding sentence, the term "controlled group" has the meaning given to such term by subsection (a) of section 1563 of such Code; except that for such purposes the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place it appears in such subsection.

(B) NONINCORPORATED PERSONS UNDER COMMON CONTROL.—Under regulations prescribed by the Secretary, principles similar to the principles of subparagraph (A) shall apply to a group of persons under common control where 1 or more of such persons is not a corporation.

(h) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4081 of such Code in the case of gasoline and section 4091 of such Code in the case of diesel fuel shall, insofar as applicable and not inconsistent with the provisions of this section, apply with respect to the floor stock taxes imposed by subsection (a) to the same extent as if such taxes were imposed by such section 4081 or 4091.

(i) TRANSFER OF FLOOR STOCKS REVENUE TO ANY TRUST FUND.—For purposes of determining the amount transferred to any trust fund, the tax imposed by subsec-

tion (a) shall be treated as imposed at the Highway Trust Fund financing rate under section 4081 of such Code.

Subtitle C—Budget Compliance Provisions

SEC. 731. BUDGETARY TREATMENT.

(a) LIMITATION ON DIRECT SPENDING TREATMENT.—

(1) IN GENERAL.—The outlays from a transportation account made pursuant to this Act (other than this title) which may be treated in any fiscal year as direct spending for purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall not exceed—

(A) the amount transferred to such transportation account in such fiscal year and attributable to the increase in taxes made by this title, minus

(B) the amount equal to the sum of—

(i) the amount transferred from such transportation account in such fiscal year under section 9503(c) of the Internal Revenue Code of 1986 (other than paragraph (1) of such section) and attributable to the amount described in subparagraph (A), and

(ii) in the case of the transportation account referred to in paragraph (2)(A), the net increase in direct spending by reason of the amendments made by section 713.

(2) TRANSPORTATION ACCOUNT.—For purposes of paragraph (1), the term "transportation account" means—

(A) the Highway Trust Fund (other than the Mass Transit Account), and

(B) the Mass Transit Account of the Highway Trust Fund.

(b) PROHIBITION ON USE OF EXCESS REVENUES FOR OTHER PURPOSES.—Any revenues received in the Treasury in any fiscal year which are attributable to the increase in taxes made by this title, and which are in excess of outlays treated as direct spending in the fiscal year pursuant to this Act, shall not be treated as receipts for purposes of section 252 or 253 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(c) COORDINATION WITH OTHER PROVISIONS.—The provisions of this section shall apply, notwithstanding any provision of this Act to the contrary.

SEC. 732. COST ESTIMATE.

The applicable cost estimate of this Act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

For fiscal year	Increase in outlays:	Increase in receipts:
1991	$.....	$.....
1992	.....	.....
1993	.....	.....
1994	.....	.....
1995	.....	.....

I. LEGISLATIVE BACKGROUND

H.R. 2950 (The "Intermodal Surface Transportation Infrastructure Act of 1991") was reported by the House Committee on Public Works and Transportation on July 26, 1991 (H. Rept. 102-171, Part 1). The bill was sequentially referred to the Committee on Ways and Means for a period ending July 31, 1991, and extended for a period ending not later than August 2, 1991.

On July 31, 1991, the Committee on Ways and Means approved a revenue title (Title VII) to H.R. 2950.

II. Explanation of the Committee Amendment

A. Tax Provisions (secs. 711, 712(a)–(d), 713, and 721 of the bill, secs. 4041, 4051, 4071, 4081, 4091, 4221, 4481–4483, 6156, 6412, 6420(h), 6421(f), 6421(i), 6427, and 9503 of the Code, and sec. 2110(b) of 46 U.S.C.).

PRESENT LAW

Highway-related excise taxes

Tax rates

Excise taxes are imposed on gasoline and diesel and special motor fuels, certain heavy trucks and truck trailers, tires, and the use of heavy highway vehicles. (See below for a table of the present Highway Trust Fund ("HTF") excise tax rates.) The HTF motor fuels excise taxes were extended through September 30, 1995, in the Omnibus Budget Reconciliation Act of 1990 (the "1990 Act").

The 1990 Act also increased the highway fuels tax rates by 5 cents per gallon and imposed a tax of 2.5 cents per gallon on diesel fuel used in trains (through September 30, 1995). Revenues equivalent to 2.5 cents per gallon of the taxes on highway fuels are retained in the General Fund; the balance of the highway fuels tax revenues is transferred to the HTF. Revenues from the tax on train diesel fuel are retained in the General Fund. All revenues from the non-fuels highway-related excise taxes are transferred to the HTF.

Revenue equvalent to the 1.5 cents per gallon of the taxes on highway motor fuels that are transferred to the HTF are credited to the Mass Transit Account in the HTF. The balance of the highway motor fuels tax revenues (and the revenues from the other highway excise taxes) are credited to the HTF's Highway Account.

Amounts transferred to the HTF are equivalent to gross receipts derived from the dedicated excise taxes. The actual revenue received by the Federal Government from an increase in excise taxes, the net revenues, is less than the gross receipts from the taxes because of various economic factors (such as the income tax deductibility of excise taxes incurred in a business activity).

The highway-related excise taxes, and the tax on train diesel fuel, currently are scheduled to expire on October 1, 1995. HTF expenditure authority is scheduled to expire on October 1, 1993.

The following table shows the current HTF taxes and rates:

Tax	Tax rate
Motor fuels: [1]	
Gasoline and special motor fuels	14 cents per gallon (11.5 cents per gallon is transferred to the HTF).
Diesel fuel	20 cents per gallon (17.5 cents per gallon is transfered to the HTF).
Trucks and trailers:	
Trucks (over 33,000 lbs.) and trailers (over 26,000 lbs.)	12 percent of retail price.
Tires for highway vehicles	40 lbs. or less—no tax. 40–70 lbs.—15 cents/lb. over 40 lbs. 70–90 lbs.—$4.50, plus 30 cents/lb. over 70 lbs. Over 90 lbs.—$10.50, plus 50 cents/lb. over 90 lbs.

Tax	Tax rate
Use tax on heavy highway vehicles	Under 55,000 lbs.—no tax. 55,000–75,000 lbs.—$100, plus $22/1,000 lbs. over 55,000 lbs. Over 75,000 lbs.—$550.

[1] Motor fuels also are subject to a separate tax of 0.1 cent per gallon to fund the Leaking Underground Storage Tank Trust Fund.

Exemptions

Exemptions are provided from the highway excise taxes for State and local governments and tax-exempt educational organizations. The highway motor fuels taxes also do not apply to fuels used in off-highway business uses (e.g., farming) or in local or school buses.

Intercity buses are exempt from all but 3 cents per gallon of the HTF motor fuels taxes. A series of partial exemptions apply to alcohol fuels and fuels mixtures. The most widely used of these is a 5.4 cents per gallon exemption for "gasohol," a mixture of gasoline and at least 10-percent ethanol.

Motorboat fuel taxes/fuel for smaller engines

Motorboat fuels taxes

Gasoline and special motor fuels used in motorboats are subject to an excise tax of 14 cents per gallon (the 1990 Act increased the tax rate from 9 cents per gallon). Revenues equivalent to 2.5 cents per gallon of the taxes on motorboat fuels are retained in the General Fund; the remaining 11.5 cents per gallon of the taxes on motorboat fuels is transferred from the HTF (through September 30, 1995), as follows:

(1) million per year to the Land and Water Conservation Fund;

(2) up to $70 million per year to the Boating Safety Account of the Aquatic Resources Trust Fund (the "Aquatic Fund"), of which one-half is for State recreational boating safety programs and one-half is for Coast Guard recreational boating safety expenses; and

(3) any excess motorboat fuels tax revenues (from the 11.5 cents per gallon rate) to the Sport Fish Restoration Account of the Aquatic Fund for grants to States for fish restoration and management projects.

Gasoline used in certain small engines

Amounts equivalent to revenues from the tax on gasoline used in certain small engines are transferred from the Highway Trust Fund to the Sports Fish Restoration Account of the Aquatic Fund to be available for financing certain coastal wetlands programs (subject to enactment of future authorizing legislation that is substantially identical to the Coastal Wetlands Planning, Protection and Restoration Act as introduced in S. 3252, 101st Cong.).

Recreational boat user fee

Under the 1990 Act, for fiscal years 1991–1995, a user fee is imposed annually on recreational boats as follows: (a) for vessels of at least 16 but less than 20 feet, not more than $25; (b) for vessels of

at least 20 but less than 27 feet, not more than $35; (c) for vessels of at least 27 but less than 40 feet, not more than $50; and (d) for vessels of at least 40 feet or more, not more than $100. The fee applies only to vessels operated on the navigable waters of the United States where the Coast Guard has a presence. Revenue from this fee is deposited in the General Fund as offsetting receipts to the cost of Coast Guard activities.

REASONS FOR CHANGE

The extension of the fuels taxes and an increase in such taxes are necessary to fund the highway and mass transit obligations of the United States that are authorized from the HTF (Highway and Mass Transit Accounts) in the Intermodal Surface Transportation Infrastructure Act of 1991, and to continue the deficit reduction effort through continuation of the General Fund rate. Funding these highway and mass transit obligations is critical to building and rehabilitating highways, bridges, and mass transit facilities in the United States and to improving transportation safety.

In H.R. 1776, the House overwhelmingly expressed its sense that the annual recreational boat user fee should be repealed. Because taxes on fuels used in motorboats automatically are increased when taxes on fuels used in highway vehicles are increased, funds not anticipated for the funding purposes to which motorboat fuel taxes are dedicated become available for boat-related purposes. The Committee decided it is appropriate to use these funds to offset the loss associated with a partial repeal of the recreational boat user fee.

EXPLANATION OF PROVISIONS

Highway-related excise taxes

The bill extends the expiration date of the current highway-related excise taxes (including the 2.5-cents-per-gallon General Fund tax on motor fuels) and the 2.5-cents-per-gallon General Fund tax on train diesel fuel for three additional years, through September 30, 1998.

The bill also increases the motor fuels excise tax rates by 5 cents per gallon (to 19 cents per gallon on gasoline and special motor fuels and 25 cents per gallon on diesel fuel), during the period January 1, 1992, through September 30, 1996, with appropriate floor stocks taxes being imposed for fuels held on January 1, 1992.[2]

The bill extends the termination date for transfers into the HTF of gross revenues equivalent to the taxes currently deposited in that fund through September 30, 1998.

The bill provides for transfer to the HTF of the net revenues attributable to the additional 5-cents-per-gallon taxes on motor fuels through September 30, 1996. The Treasury Department is authorized to determine the net amount to be transferred, which is expected to equal approximately 75 percent of gross revenues. Be-

[2] The tax on train diesel fuel will continue at 2.5 cents per gallon. Off-highway business use (e.g., farming) will continue to be fully exempt from these taxes. Partial exemptions (e.g., gasohol and intercity buses) will continue at their present cents-per-gallon reductions from the new tax rates.

cause net revenues represent the actual revenues received by the Federal Government, no amount of the 5-cents-per-gallon tax increase will be retained in the General Fund for deficit reduction purposes as a result of this provision.

Revenues from the additional net motor fuels taxes that are dedicated to the HTF will be allocated 80 percent to the HTF's Highway Account and 20 percent to the Mass Transit Account.

Motorboat fuels taxes/fuel for small engines

The bill extends the expiration date of the current taxes on motorboat and small engine fuels for three additional years, through September 30, 1998. The bill also increases the motorboat fuels and small engine fuels excise tax rates by 5 cents per gallon (to 19 cents per gallon on gasoline and special motor fuels and 25 cents per gallon on diesel fuel), during the period January 1, 1992, through September 30, 1996, with appropriate floor stocks taxes being imposed for fuels held on January 1, 1992.

The bill retains in the General Fund amounts equivalent to the following revenues that otherwise would be transferred to the Aquatic Fund during the periods specified:

(1) The net revenues from the additional 5-cents-per-gallon tax rate applicable to these fuels, effective from January 1, 1992, through September 30, 1995; and

(2) The gross revenues from the 1990 Act's additional 2.5 cents per gallon trust fund tax rate applicable to these fuels, effective from December 1, 1990, through September 30, 1995.

Partial repeal of annual recreational boat user fee

The bill repeals the annual user fee imposed on recreational boats under 27 feet in length.

EFFECTIVE DATES

The tax (and recreational boat fee) provisions of the bill generally are effective on January 1, 1992.

The reduction in the transfer of motorboat fuels tax revenues to the Aquatic Fund is effective on the date of enactment. The Treasury Department is to transfer from the Sport Fish Restoration Account of the Aquatic Fund to the General Fund such amounts as are necessary to carry out this reduction with respect to amounts transferred into the Aquatic Fund before the date of enactment.

B. Highway Trust Fund Provisions

(Secs. 712 (d), (e), and (f) of the bill and sec. 9503 of the Code)

PRESENT LAW

Revenues transferred to the Highway Trust Fund

As indicated above (II.A.), gross revenues from the current highway-related excise taxes are transferred to the Highway Trust Fund, except for the 2.5 cents per gallon deficit reduction (General Fund) rate for motor fuels.[1] Of the highway motor fuels tax reve-

[1] This includes initially the 11.5 cents per gallon trust fund rate on motorboat fuels and gasoline for small engines, which are subsequently transferred to the Aquatic Fund.

nues retained in the HTF, 1.5 cents per gallon equivalent is credited to the Mass Transit Account, and the balance (minus refunds) of such highway motor fuels is credited to the Highway Account.

Highway Trust Fund expenditure purposes

Highway Account

The Internal Revenue Code ("the Code") provides that amounts in the HTF are available through September 30, 1993, as provided in appropriation acts, for meeting obligations incurred which are authorized to be paid out of the HTF under (1) the Highway Revenue Act of 1956, (2) Title I or II of the Surface Transportation Assistance Act of 1982 (the "1982 Act"), (3) the Surface Transportation and Uniform Relocation Act of 1987 (the "1987 Act"), or (4) thereafter, amounts for a general purpose authorized under these Acts as in effect on the date of enactment of the 1987 Act. The 1982 Act established a Highway Account and a Mass Transit Account (see below) in the HTF.

The present-law expenditure purposes for the Highway Account include the following highway-related programs:

—Interstate highways and resurfacing and repair;
—Federal-aid highways, including primary and secondary systems and urban systems;
—Forest and public lands highways, scenic highways, parkways, Indian reservation roads;
—Bridge replacement and rehabilitation;
—Emergency (disaster) relief;
—Highway safety research and development;
—Highway-related safety grants;
—Motor carrier safety grants;
—Traffic control demonstration grants;
—Highway hazard elimination projects;
—Rail crossings and demonstration projects;
—Traffic control signal demonstration projects;
—Urban system public transportation projects (bus and rail transit facilities on a Federal-aid urban system);
—Fringe and corridor parking facilities;
—Carpool and vanpool grants;
—Bicycle ways and pedestrian walkways;
—National Highway Traffic Safety Administration (NHTSA) traffic safety programs;
—Certain administrative costs of Federal Highway Administration and NHTSA;
—University transportation research centers; and
—Highway beautification projects.

Mass Transit Account

The Code provides that amounts in the Mass Transit Account of the HTF are available through September 30, 1993, as provided in appropriation acts, for making capital expenditures (including new projects) under section 21(a)(2) of the Urban Mass Transportation Act of 1964. The Urban Mass Transportation Act of 1964 (sec. 21(b)) also provides for additional Mass Transit Account authorizations from the HTF (including mass transit block grants).

Highway Trust Fund anti-deficit provisions

HTF taxes generally have been extended for two years beyond the then-current authorization period. This is due to the lead time required between the time a project is authorized or obligated and the time money is needed to pay for it. Also, the so-called "Byrd Amendment" requires that highway apportionments be reduced proportionately if unfunded Highway Account authorizations exceed estimated HTF receipts (including interest, minus transfers) in the following 24-month period. Unfunded Mass Transit Account authorizations may not exceed estimated Mass Transit Account receipts in the following 12-month period.

REASONS FOR CHANGE

The committee believes that the expenditure purposes for the Highway Trust Fund (Highway Account and Mass Transit Account) should be updated to include the general purposes under the Intermodal Surface Transportation Infrastructure Act of 1991 ("1991 Act").

EXPLANATION OF PROVISION

The bill amends the Highway Trust Fund provisions to authorize expenditures from the Trust Fund for purposes included in the Intermodal Surface Transportation Infrastructure Act of 1991, as well as the previously referenced authorization acts. The bill further provides that Trust Fund purposes include only those purposes specifically provided in the Act referenced in the Code (as in effect on the date of enactment of the 1991 Act).

One of the specific Highway Account expenditure purposes authorized under section 144 of the 1991 Act is the use of Trust Fund revenues for motor fuels and other highway use tax enforcement. The provision states that the Secretary of Transportation shall not impose any condition on the use of such funds made available to the Internal Revenue Service, and that the Secretary of the Treasury shall submit a report at least 60 days before the beginning of any applicable fiscal year to the House Committee on Ways and Means and the Senate Committee on Finance detailing the increased motor fuels enforcement activities to be financed with such funds.

EFFECTIVE DATE

The change in the Highway Trust Fund expenditure purposes is effective on the date of enactment, beginning with fiscal year 1992 Trust Fund expenditures.

C. Budget Compliance Provisions

(Sec. 731 of the bill)

PRESENT LAW

1990 Budget Act scorekeeping rules

The 1990 Act established new budget scorekeeping rules for legislation with budgetary consequences. The Act subjects discretionary

spending for 1991 through 1995 to specified dollar maximums ("caps"). Increases in discretionary spending may not be offset by higher taxes or fees under the new budget rules.

Direct spending (entitlements and other mandatory spending) may be increased only if the increase is offset in each year by lower direct spending elsewhere or by higher taxes or fees (i.e., "pay-as-you-go"). If direct spending increases are not offset in the pay-as-you-go accounts, a sequester (automatic reduction) in these accounts will occur at the end of the fiscal year.

Historically, spending for highway and transit programs has been classified as discretionary spending. Consequently, an increase in highway spending typically would be counted against the discretionary caps.

The HTF has been financed with amounts equivalent to gross revenues from the highway-related excise taxes. Under the new pay-as-you-go budget rules, new direct spending may not exceed new net revenues. For budget purposes, net excise tax revenues generally are assumed to equal 75 percent of gross revenues.

REASONS FOR CHANGE

As reported by the Committee on Public Works, the bill provides that additional spending consistent with gross revenues from the 5-cents-per-gallon increase in the motor fuels taxes will be considered direct spending. Because revenues from the tax increase would begin quickly and spending would grow more slowly, this would result in net revenues exceeding outlays for direct spending in certain years and outlays exceeding net revenues in other years. In years in which net revenues would exceed outlays, it is necessary to reserve the excess revenues for future highway spending. Therefore, the excess revenues must be restricted from being used to offset any other increases in pay-as-you-go spending. In years in which direct spending would exceed net revenues, a pay-as-you-go sequester would occur (in the absence of other legislation). Therefore, it is necessary to prevent direct spending from exceeding net revenues in order to comply with the pay-as-you-go scorekeeping rules.

EXPLANATION OF PROVISIONS

The bill reserves any revenue from the increase in highway excise taxes provided by the bill in excess of direct spending provided under the bill in any given year for future highway spending by prohibiting the excess from being used to offset other spending increases for pay-as-you-go purposes.

The bill provides that notwithstanding any other provision of the bill, new direct spending created by the bill may not exceed new net revenues raised by the bill in any fiscal year during the period that the pay-as-you-go requirement is in effect (i.e., through fiscal year 1995). This ensures that the bill will comply with the pay-as-you-go requirements.

EFFECTIVE DATE

These provisions are effective on the date of the bill's enactment.

III. Effect of the Committee Amendment on the Budget

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following table shows the effect on the budget of the committee amendment (Title VII) to the bill, H.R. 2950.

ESTIMATED REVENUE EFFECT OF COMMITTEE AMENDMENT TO H.R. 2950 (TITLE VII) AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS

[In millions of dollars]

Item	Fiscal years					
	1992	1993	1994	1995	1996	1992–96
Extension of current Highway Transit Fund (HTF) excise taxes (10/1/95–9/30/98) [1]						
5-cents/gallon increase in motor fuels excise taxes (1/1/92–9/30/96)	3,813	4,911	4,874	4,897	4,988	23,483
Extension of 2.5-cents/gallon deficit reduction excise tax on motor fuels (10/1/95–9/30/98)					2,819	2,819
Net effect on budget receipts	3,813	4,911	4,874	4,897	7,807	26,302

[1] Extension of existing HTF excise taxes at current rates is assumed in the budget baseline by the Congressional Budget Office.

IV. Vote of the Committee and Other Matters To Be Discussed Under House Rules

A. VOTE OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made about the vote of the Committee on Ways and Means on the motion to report the bill, H.R. 2950, as amended. The bill, as amended, was ordered favorably reported by a roll call vote of 19 ayes and 17 noes.

B. OTHER MATTERS

In compliance with clauses 2(l)(3) and 2(l)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with respect to the Committee on Ways and Means action on H.R. 2950, as amended.

Oversight Findings

With respect to subdivision (A) of clause 2(l)(3) (relating to oversight findings), the committee advises that it was as a result of the committee's oversight activities with respect to financing of the Highway Trust Fund and the Aquatic Resources Trust Fund, and a review of the annual user fee on recreational boats, that the committee concluded that it is appropriate to enact the provisions contained in the committee amendment.

Tax Expenditures

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Congressional Budget Office, the committee states that the changes made existing law by the committee amendment involve no new or increased tax expenditures.

Budget Authority

With respect to subdivision (B) of clause 2(l)(3), relating to budget authority, see statement of the Congressional Budget Office below.

Congressional Budget Office Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that the Congressional Budget Office has examined the committee's budget estimates relating to the committee amendment to the bill (as indicated in Part III), and submitted the following statement:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 1, 1991.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2950, The Intermodal Surface Transportation Infrastructure Act of 1991, as ordered reported by the House Committee on Ways and Means, July 31, 1991.

H.R. 2950 would affect direct spending and revenues and, therefore, would have pay-as-you-go implications under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The estimate required by clause 8 of House Rule XXI is enclosed.

If you wish further details on this estimate, please let us know.

Sincerely,

ROBERT D. REISCHAUER,
Director.

Enclosure.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 2950.

2. Bill title: The Intermodal Surface Transportation Infrastructure Act of 1991.

3. Bill status: As ordered reported by the House Committee on Ways and Means, July 31, 1991.

4. Bill purpose: H.R. 2950 would authorize federal highway and transit programs for fiscal years 1992 through 1996. The bill would provide $116 billion in additional budget authority for federal-aid highways programs over these years—beginning with $17.6 billion in fiscal year 1992 and increasing to $27.6 billion in fiscal year 1996. The bill also would provide budget authority of $21.5 billion for transit programs over the 1992–1996 period and $1.8 billion for highway safety, motor carrier and intermodal programs. For various other transportation programs, H.R. 2950 would authorize appropriations of $11.5 billion over the five-year period—mostly for mass transit programs.

Title I of H.R. 2950 would replace most of the existing federal-aid highway programs with new programs, including the national highway system, urban and rural mobility systems, combined highway safety improvement program and state flexible program. The national highway system would consist of the existing interstate

system and additional principal arterial routes. The state flexible program would provide funds that could be used for a wide range of highway or mass transit purposes. In addition, the bill would extend budget authority for the interstate construction program through 1995 at $2.2 billion in 1992 and $5.9 billion over fiscal years 1993 through 1996. Under current law, the final funding for this program—$1.4 billion—would be in fiscal year 1992.

Title II would provide budget authority of $12.2 billion over five years for mass transit discretionary grants. Further, the bill would specify those fixed guideway projects that would be funded under this program. For transit formula grants, the bill would provide contract authority of $8.4 billion over five years and authorize appropriations of $10.0 billion. Rural areas would receive 5 percent of the formula grant funds.

Title VII of H.R. 2950 would authorize highway taxes through fiscal year 1998. Under current law, highway taxes are scheduled to expire after September 30, 1995. The bill would extend the current law highway taxes, including the 2.5-cent per gallon deficit reduction tax rate on motor fuels, through September 30, 1998. This provision increases net revenues in fiscal year 1996 relative to the CBO baseline but has no revenue effect in 1992 through 1995. Revenue from the extension of the 2.5-cent per gallon deficit reduction tax rate would remain in the general fund and the gross revenue from the extension of all other taxes would be deposited into the Highway Trust Fund.

H.R. 2950 also would increase motor fuel tax rates by 5-cent per gallon, effective from January 1, 1992 through September 30, 1996, to fund highway spending included in the bill. The bill provides that the net revenue from the rate increase on fuels used in highway vehicles would be depositd into the Highway Trust Fund with the revenue attributable to 4-cent per gallon allocated to the Highway Account and revenue attributable to 1-cent per gallon allocated to the Mass Transit Account within the fund. (Net revenue equals the gross revenue on excise taxes minus income and payroll tax offsets.)

Highway-related motor fuel tax rates under H.R. 2950 are shown in the table below.

TAX RATES UNDER H.R. 2950 [1]

[In cents per gallon]

	Through Dec. 31, 1991	Jan. 1, 1992 through Sep. 30, 1996	Oct. 1, 1996 through Sep. 30, 1998
Gasoline and special fuels	14	19	14
Gasohol	8.6	13.6	8.6
Diesel	20	25	20

[1] Excludes the 0.1-cent per gallon tax to fund the Leaking Underground Storage Tank Trust Fund.

Section 713 of Title VII of the bill would repeal the annual recreational boat user fee for vessels under 27 feet in length. The repeal would become effective on January 1, 1992.

Section 713 of VII would further provide for a temporary reduction in amounts attributable to motorboat fuel taxes that are trans-

ferred into the Aquatic Resources Trust Fund (ARTF) and spent from the Sport Fish Restoration Account. For fiscal years 1992 through 1995, amounts that would otherwise have been transferred to the ARTF as a result of the 5-cent per gallon tax rate increase on motorboat fuels would instead be retained in the general fund of the U.S. Treasury. Amounts attributable to the 2.5-cent per gallon tax rate increase enacted in the Omnibus Budget Reconciliation Act of 1990 (OBRA) would also be treated in this manner over the same period. (Any sums already deposited in the ARTF from the OBRA increase would be returned to the general fund.) Amounts attributable to these tax increases would again be credited to the ARTF beginning in fiscal year 1996. The temporary changes made by this section would not apply to any of the funds transferred to the ARTF that are attributable to taxes on small engine fuels.

In addition, H.R. 2950 prohibits the use of any revenues raised by the bill in excess of direct spending in a given year for additional pay-as-you-go spending.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
Direct spending and revenues:					
Net additional budget authority	22,526	26,466	28,720	30,216	32,110
Plus: Existing budget authority	1,500	100	100	100	100
Total budget authority	24,026	26,566	28,820	30,316	32,210
Estimated outlays	132	156	162	160	15
Estimated revenues	3,813	4,911	4,874	4,897	7,807
Authorization of appropriations:					
Authorization level	2,180	2,278	2,271	2,317	2,420
Estimated outlays	4,208	16,260	22,777	26,987	30,763
Total:					
Budget authority/authorizations:					
Additional authority	24,706	28,744	30,992	32,533	34,530
Total authority	26,206	28,844	31,092	32,633	34,630
Estimated outlays	4,340	16,415	22,939	27,147	30,779
Estimated revenues	3,813	4,911	4,874	4,897	7,807

The costs of this bill fall within budget function 400.

More detailed cost information is provided on the attached tables (1 through 7). Total outlays for programs authorized by this bill, including outlays from previous years' appropriations, would grow from $20.4 billion in 1992 to $32.6 billion in 1996. Total highway-related revenues authorized by this bill, including revenues authorized under current law, would grow from $25.6 billion in 1992 to $28.4 billion in 1996.

Basis of estimate:

Direct Spending Programs—Ground Transportation. The budget authority equals the contract authority provided in this bill. To estimate outlays, we assumed that obligation limitations customarily established in appropriations acts would equal those included in the bill. In the case of program for which the bill included no obli-

gation limitations, we assumed that limitations would equal the contract authority. Because most of these outlays are subject to such limitations and to liquidatng appropriations, they are considered discretionary and so are included under authorizations in the above table. Only outlays for new contract authority programs that are not part of federal-aid highways are counted as directg spending—$30 million in 1992 and $222 million over the 1992–1996 period. These programs include grants to states for alcohol safety activities, grants to encourage the use of safety belts and motorcycle helmets, and grants to implement the International Registration Plan.

Other Direct Spending Programs. Beginning in 1992, the tax increase imposed under Title VII would increase amounts transferred to the Aquatic Resources Trust Fund under 26 U.S.C. 9503(c), resulting in new direct spending authority and outlays from the Sport Fish Restoration Account in each of the following years. From transfers attributable to the tax increase on small engine fuels, new budget authority of between $18 million and $19 million a year would increase outlays by about $6 million in 1993 and by $50 million over the 1993–1996 period. Because none of the amounts attributable to the increase in motorboat fuel taxes would be transferred to the ARTF until 1996, no new spending authority or outlays from such taxes would occur until 1997. Furthermore, the five-year diversion of motorboat fuel taxes attributable to the 2.5-percent per gallon OBRA increase would reduce outlays from existing sport fish budget authority by between $7 million and $43 million a year through 1996. The net impact of these provisions on sport fish outlays would be a decrease of $8 million in 1992 and a decrease of about $83 million over the 1992–1996 period.

Finally, the repeal of recreational user fees on vessels of less than 27 feet would increase federal outlays by $110 million in 1992 and by a total of $486 million through fiscal year 1996.

In aggregate, the provisions of Title VII would increase direct spending budget authority by $83 million in fiscal year 1992 and by a total of $374 million through 1996. Additional outlays would be $102 million in 1992 and $403 million over the 1992–1996 period.

Appropriated Programs. For those programs subject to appropriations, CBO assumed that the full amounts authorized for each year would be appropriated prior to the start of the fiscal year. Outlay estimates are based on historical spending rates.

Revenues. This cost estimate measures the revenue effects of this bill relative to the CBO baseline. Under baseline assumptions, excise taxes that fund trust funds are extended past their expiration date. Under current law, highway taxes are scheduled to expire after September 30, 1995. Therefore, the CBO baseline contains extension of all highway taxes at their current rates past their expiration date of September 30, 1995, with the exception of the 2.5-cent per gallon deficit reduction tax rate on motor fuels. Hence, estimated revenue effects of H.R. 2950 contain the extension of the 2.5-cent per gallon deficit reduction rate beginning October 1, 1995. In addition, the 5-cent per gallon increase in the tax on motor fuels, effective January 1, 1992 through September 30, 1996, is included in this cost estimate. The estimated revenue effects were provided by the Joint Committee on Taxation.

Scorekeeping Procedures. This cost estimate assumes that the bill will be scored under conventional scorekeeping procedures. Section 104 of the bill directs that outlays from specified amounts of contract authority ($6.5 billion in each of fiscal years 1992 through 1995 and $7.0 billion in fiscal year 1996) be considered direct spending for pay-as-you-go and deficit control purposes. This provision would not affect the level of contract authority in the bill, but, if implemented, would result in more outlays being scored as direct spending.

Further, section 731 limits the total amount to be treated as direct spending under the ground transportation titles to the amount of additional net revenues deposited into the Highway Trust Fund as a result of this bill, less direct spending effects of Title VII. Should these provisions be effectively implemented, the budget scoring of the bill would be as follows:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
Estimated outlays:					
Direct spending	1,031	3,911	4,802	4,823	4,912
Discretionary appropriations	3,309	12,504	18,137	22,324	25,867
Estimated revenues	3,813	4,911	4,874	4,897	7,807

6. Pay-as-you-go considerations: The Budget Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. The spending for the new ground transportation programs, as shown in the following table, would be subject to these procedures as would the increase in revenues and direct spending changes in Title VII. Should Section 104 be implemented, the outlays from the obligations specified in that section would also be subject to these procedures (see above).

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
Changes in outlays	(1)	132	156	162	160
Changes in receipts	(1)	3,813	4,911	4,874	4,897

[1] Not applicable.

While H.R. 2950 provides budget authority for ground transportation programs in the form of contract authority, the outlays for most of these programs are considered discretionary because they are subject to obligation limitations and liquidating appropriations usually included in appropriations acts. Some of these outlays could be subject to pay-as-you-go procedures, however, in the event that this bill is enacted after the 1992 Department of Transportation appropriation act, and if this bill were to increase program levels above those provided in the enacted appropriation act.

7. Estimated cost to State and local governments: Most of the funding provided by this bill is in the form of grants to state and local governments. Several provisions would affect the allocation of funds among the states and alter cost-sharing arrangements for

some types of projects. States would be allowed to use federal-aid highways funds on a much greater range of projects, including mass transit projects.

H.R. 2950 would repeal the existing prohibition against the use of federal highway funds on toll roads. Under conditions established by the bill, states could use federal funds to pay for up to 35 percent of the cost to build new toll facilities.

Finally, the temporary diversion of motorboat fuel taxes attributable to the 2.5-cent per gallon OBRA increase would reduce funding for state grants by $27 million in 1992 and by $185 million through 1996.

8. Estimate comparison: None.

9. Previous CBO estimate: CBO has previously prepared cost estimates for S. 965, as ordered reported by the Senate Committee on Environment and Public Works, which authorized federal highway programs for fiscal years 1992 through 1996, and S. 1194, as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs, which authorized federal transit programs for the same period. These estimates were transmitted on May 30, 1991, and June 10, 1991, respectively. CBO's estimates of the cost of these bills reflected the levels of contract authority and authorizations they provided—$20.6 billion for the highway bill and $4.7 billion for the highway bill—which differ from H.R. 2950.

CBO has also previously prepared a cost estimate of H.R. 2950, as ordered reported by the House Committee on Public Works and Transportation. That estimate was transmitted on July 30, 1991. CBO's estimate of that version of this bill reflected the levels of contract authority and authorizations it provided, $151 billion over the 1992–1996 period, but did not include the extension and the increase in highway taxes because these provisions were not included in the bill as reported by the House Committee on Public Works and Transportation.

10. Estimate prepared by: Marjorie Miller, Deborah Reis and Linda Radey.

11. Estimate approved by: Rosemary D. Marcuss, Assistant Director for Tax Analysis.

TABLE 1.—FEDERAL—AID HIGHWAY AUTHORIZATIONS (TITLE I)

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Budget authority:						
State flexible program	2,007	2,304	2,617	2,892	3,344	13,164
National Highway System	5,785	6,639	7,541	8,334	9,639	37,938
Urban mobility system	2,007	2,304	2,617	2,892	3,344	13,164
Rural mobility system	1,535	1,761	2,001	2,211	2,557	10,065
Combined highway system Improvement program	473	542	616	681	787	3,099
Bridge program	2,471	2,836	3,222	3,560	4,117	16,206
Interstate construction [1]	800	1,800	1,800	1,500	800	6,700
Interstate substitute	240	240	240	240	.....	960
Indian reservations	200	205	215	220	227	1,067
Forest highways	55	55	55	55	55	275
Public lands highways	40	40	40	40	40	200
Parkways and park highways	60	60	60	60	60	300
Minimum allocation [2]	1,030	1,230	1,310	1,240	1,070	5,880

TABLE 1.—FEDERAL—AID HIGHWAY AUTHORIZATIONS (TITLE I)—Continued

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Other programs—under the obligation ceiling	105	105	105	105	105	525
Other programs—exempt from obligation ceiling	806	1,500	1,500	1,500	1,501	6,808
Net additional budget authority	17,614	21,622	23,937	25,531	27,647	116,350
Plus existing budget authority	1,500	100	100	100	100	1,900
Total budget authority	19,114	21,722	24,037	25,631	27,747	118,250
Obligation ceiling	12,993	14,452	16,688	19,050	21,435	84,618
Estimated outlays: [3]						
Total outlays [4]	16,211	18,788	21,155	23,606	25,857	
Outlays from the new program	3,224	13,859	18,706	21,631	24,616	

[1] S. 1204 would provide $2,200 million in new 1992 contract authority for interstate construction, and would repeal $1,400 million in existing 1992 contract authority.

[2] The Surface Transportation and Uniform Relocation Assistance Act of 1987 (P.L. 100–27) authorized such sums as may be necessary for each fiscal year after 1982. Estimates are based on information provided by the Department of Transportation.

[3] Obligation ceilings, which control outlays, are subject to change through appropriations acts, so these outlays are considered part of discretionary spending.

[4] Includes outlays from authority available before fiscal year 1992, and emergency relief, which is authorized in current law for all these years.

Note: Details may not add to totals because of rounding.

TABLE 2.—OTHER HIGHWAY PROGRAMS (TITLE I)

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Budget authority:						
FHWA highway-related safety grants [1]	35	35	40	45	50	205
Authorizations:						
Highway safety research and development	46	46	46	46	46	229
Estimated outlays:						
Total outlays [2]	29	49	66	77	86	
Outlays from the new program	16	42	62	75	85	
Total:						
Budget authority/authorizations	81	81	86	91	96	434
Estimated outlays:						
Total outlays [2]	29	49	66	77	86	
Outlays from the new program	16	42	62	75	85	

[1] Because outlays for this program are controlled by obligation limitations customarily established in appropriations acts, they are considered part of discretionary spending and shown under the authorization heading below.

[2] Includes outlays from authority available before fiscal year 1992.

TABLE 3.—HIGHWAY SAFETY (TITLE II)

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Budget authority:						
Highway traffic safety grants	150	160	175	190	200	875
Alcohol traffic safety incentive grants	30	30	30	30	30	150
Grants to states requiring use of safety belts and motorcycle helmets	40	30	25	0	0	95
Total budget authority	220	220	230	220	230	1,120
Estimated outlays [2]	29	50	53	47	36	

TABLE 3.—HIGHWAY SAFETY (TITLE II)—Continued

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Authorizations:						
Drug recognition expert training program	10	10	10	10	10	50
National Driver Register Act	6	6	7	0	0	19
Total authorizations	16	16	17	10	10	69
Estimated outlays:						
Total outlays [2]	145	162	177	189	200	.....
Outlays from the new program	71	133	163	189	200	.....
Total:						
Budget authority/authorizations	236	236	247	230	240	1,189
Estimated outlays:						
Total outlays [2]	174	212	230	236	236	.....
Outlays from the new program	100	183	216	236	236	.....

[1] Includes outlays only for the new alcohol traffic safety incentive grant program and the safety belt and motorcycle helmet use grants program. Because outlays for the existing program (highway traffic grants) are controlled by obligations limitations customarily established in appropriations acts, they are considered part of discretionary spending and shown under the authorization heading below.

[2] Includes outlays from authority available before fiscal year 1992.

TABLE 4.—FEDERAL TRANSIT ACT OF 1991 (TITLE II)

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Budget authority:						
Urban formula grants	1,870	1,770	1,670	1,570	1,470	8,350
Section 3 discretionary grants	2,430	2,430	2,430	2,430	2,430	12,150
Other transit programs	207	207	207	207	207	1,035
Total budget authority [1]	4,507	4,407	4,307	4,207	4,107	21,535
Authorizations:						
Urban and rural formula grants	1,800	1,900	2,000	2,100	2,200	10,000
Substitute mass transit projects	160	160	.....	.....	.....	320
Elderly and handicapped programs	30	30	30	30	30	150
UMTA Administration	70	70	70	70	70	350
Total authorizations	2,060	2,160	2,100	2,220	2,300	10,820
Estimated outlays:						
Total outlays [2]	3,760	4,254	5,064	5,714	6,264	.....
Outlays from the new program	833	2,105	3,636	4,699	5,696	.....
Total:						
Budget authority/authorizations	6,567	6,567	6,407	6,407	6,407	32,355
Estimated outlays:						
Total outlays [2]	3,750	4,254	5,064	6,714	6,264	.....
Outlays from the new program	833	2,105	3,636	4,699	5,696	.....

[1] Because outlays for these programs are controlled by obligation limitations customarily established in appropriations acts, they are considered part of of discretionary spending and shown under the authorization heading below.

[2] Includes outlays from authority available bfore fiscal year 1992.

TABLE 5.—MOTOR CARRIER ACT OF 1991 (TITLE IV)

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Budget authority:						
Motor carrier safety assistance program	65	80	100	100	100	445
Study of longer combination vehicles	1	1	1	.....	.....	3
Grants to States—international registration plan	1	1	1	1	1	5
Total budget authority	67	82	102	101	101	453
Estimated outlays [1]	2	2	2	1	1	.....
Authorizations:						
Motor carrier safety [2]	49	52	54	57	60	273
Reimbursement of lost State revenue	.....	.....	50	.....	.....	50
Working group—international registration plan	1	1	1	1	1	5
Total authorizations	50	53	105	58	61	328
Estimated outlays:						
Total outlays [2]	113	122	206	189	163	.....
Outlays from the new program	63	117	206	189	163	.....
Total:						
Budget authority/authorizations						
Estimated outlays:						
Total outlays [3]	114	124	208	190	164	.....
Outlays from the new program	65	119	208	190	164	.....

[1] Includes outlays for new programs (all but the motor carrier safety assistance program). Because outlays for that program are controlled by obligation limitations customarily established in appropriations acts, they are considered part of discretionary spending and shown under the authorization heading below.

[2] The bill authorizes appropriations of such sums as may be necessary for fiscal years 1993 through 1996. For the purpose of this estimate, CBO assumed that the amount would remain at the 1992 level, with adjustments for inflation.

[3] Includes outlays from authority available before fiscal year 1992.

TABLE 6.—RESEARCH (TITLE V)

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996	Cumulative
Authorizations:						
University research institutes	3	3	3	3	3	16
Bus testing facilities	4	.....	.....	.....	.....	4
Total authorizations	7	3	3	3	3	20
Estimated outlays	1	3	3	3	3	.....

TABLE 7.—REVENUE AND SPENDING EFFECTS OF TITLE VII

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995	1996	1991–96
Total revenue effects	.....	3,813	4,911	4,874	4,897	7,807	26,302
Direct spending effects:							
Repeal of recreational boat user fees:							
Budget authority	.....	110	117	125	134	.....	486
Outlays	.....	110	117	125	134	.....	486
5-cent per gallon increase in motor fuel tax rate for small engines:							
Budget authority	.....	.....	19	18	18	18	73
Outlays	.....	.....	6	11	15	18	50

TABLE 7.—REVENUE AND SPENDING EFFECTS OF TITLE VII—Continued

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995	1996	1991–96
Repeal of transfer of OBRA 2.5-cent motor fuel tax increase:							
Budget authority		−27	−36	−39	−40	−43	−185
Outlays		−8	−19	−29	−37	−40	−133
Total budget authority		83	100	104	112	−25	374
Total outlays		102	104	107	112	−22	403

Congressional Budget Office Estimate.[1] The applicable cost estimate of this act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
Change in outlays	(1)	132	156	162	160
Change in receipts	(1)	3,813	4,911	4,874	4,897

[1] Not applicable.

Oversight by Committee on Government Operations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject of the committee amendment.

Inflationary Impact

In compliance with clause 2(l)(4), the committee states that the enactment of this bill, as amended by the committee amendment, is expected to have some inflationary impact on prices and costs in the operation of the national economy to the extent that the 5-cents-per-gallon increase in the motor fuels excise taxes are passed through to the consumers.

[1] An estimate of H.R. 2950 as ordered reported by the House Committee on Ways and Means. This estimate was transmitted by the Congressional Budget Office on August 1, 1991.

SUPPLEMENTAL VIEWS OF HON. SANDER M. LEVIN, AUGUST 2, 1991

Last year I voted for a 10-cent increase in the gasoline tax in order to tackle the overwhelming problem of the huge national deficit which is helping to strangle economic growth in the U.S. In the end, a 5-cent increase was included in the budget reduction package.

An important element of regenerating American economic growth is to reverse the deterioration in our nation's infrastructure. Consistent with my vote last year, I can accept a second 5-cent increase in the gas tax, as proposed in the bill before the Ways and Means Committee, in order to undertake major improvements in our roads, bridges, and transit systems. However, as I have actively and vocally expressed to my colleagues, in Whip meetings and caucuses, it is vital that this bill be devoted to truly meritorious projects, and not those of a pork barrel type nature. I have been informed that this Committee does not have jurisdiction to amend the lists of projects in the bill or the subject matter beyond its tax provisions. But I will continue to press that the bill be changed to meet, and only to meet the critical infrastructural needs of the nation.

MINORITY VIEWS ON H.R. 2950

Last fall, in the context of the largest tax increase in the history of this country, Congress raised the gasoline excise tax 5 cents per gallon. Now, less than one year later, we are at it again with the so-called "nickel for America." Clever rhetoric, however, is not enough to obscure what is a good old-fashioned tax increase in the tradition of the "tax and spenders" we have unfortunately come to recognize all too well. At the present rate, it looks like "nickels from Americans" may become an annual event.

The tax hike added by the Committee on Ways and Means to H.R. 2950, the Public Works Committee bill, would raise more than $26 billion in new taxes over the next five years. This figure does not even reflect the billions more raised by the bill's three year extension of current highway trust fund taxes beyond their September 1995 expiration date.

The Ways and Means Committee revenue title (Title VII) raises gasoline taxes by 5 cents, bringing the total to 19 cents per gallon. Likewise, the Committee raises diesel fuel taxes by 5 cents, bringing that total to 25 cents per gallon. Perhaps more surprising is that the bill also raises taxes on motor boat and small engine fuels, as well as train diesel fuel.

This 5 cent increase would result in a doubling of federal motor fuels taxes in the past 8 months and a 375 percent increase since 1981. Moreover, spending levels contemplated in the bill suggest that the 5 cent increase is just a downpayment. In 1997, we may be looking at an additional 10 or 12 cent tax increase to continue the highway program authorized in H.R. 2950.

Increasing gasoline taxes is particularly objectionable when additional taxes are not needed to fund increased transportation spending. Both the Administration proposal and the Senate bill provide significantly higher levels of funding for transportation without increasing taxes. For example, the Senate bill provides $123 billion for transportation in fiscal years 1992–1996 compared to $89 billion that was spent on transportation in fiscal years 1987–1991.

GASOLINE TAXES ARE BAD FOR THE ECONOMY

A gasoline tax increase would be a bad idea for the economy in ordinary circumstances, but we are particularly alarmed that the House would want to consider a $26 billion tax increase just as our economy is emerging from a recession. While proponents would argue that the nickel increase is an investment in America's future, we are concerned that the economic drag of the tax increases will stall our recovery and idle our efforts to improve America's infrastructure.

A recent analysis by the Institute for Research on the Economics of Taxation has concluded that a nickel increase in gasoline taxes

will siphon $11 billion from our GNP and, in the first year, eliminate 234,000 jobs.

We must ask those who favor this legislation whether the tax increase is worth risking thousands of jobs, lowering productivity and driving our economy into a rut.

GASOLINE TAXES ARE REGRESSIVE

The impact of the tax increase on the poor and the middle class is particularly disturbing. As shown in the following table (prepared by the Joint Committee on Taxation), gasoline taxes are notoriously regressive. Families earning $50,000 or less annually will pay 76 percent of the gasoline tax. Families with incomes of $10,000 or less would suffer a 2.5 percent increase in their federal taxes. Raising taxes is bad enough. Raising taxes on those less able to pay is unconscionable.

DIVERSION OF FUEL TAXES TO GENERAL REVENUES

Not only is the motor fuels tax increase regressive and economically harmful, but only a portion of the tax increases will be used to fund highway projects. The bill purports to raise fuel taxes to pay for transportation infrastructure. However, several of the fuel tax increases and extensions will go to the Treasury general fund—with no assurance that the tax increases will be used for their intended purposes. Indeed, it can be expected that these tax increases will be absorbed by new spending.

GASOLINE TAXES NOT ALL USED FOR TRANSPORTATION

The Omnibus Budget Reconciliation Act of 1990 raised the tax on motor fuels by 5 cents, but only one-half of that amount is deposited in the Highway Trust Fund. The remaining 2.5 cents goes into the general fund of the U.S. Treasury. This amount is paid by motorists but is not used to build new roads or bridges. It is spent on purposes completely unrelated to highways. The bill continues this practice by extending the so-called "deficit reduction rate" on gasoline, diesel, and other fuels for another 3 years, even though the rate is not scheduled to expire until FY 1996.

As for the proposed 5 cent motor fuels tax increase, only the net revenues from the increase (the gross revenues minus resulting decreased income taxes) will be deposited in the Highway Trust Fund. Generally, the net revenues will be 75 percent of the gross revenues, or the equivalent of 3.75 cents per gallon. Thus, only 6.25 cents (2.5 cents from OBRA 1990 and the 3.75 cents from the bill) of the 10 cents will actually go to the Highway Trust Fund. Since 20 percent of that amount will be placed in the Mass Transit Account, that leaves only 5 cents to be placed in the Highway Account and therefore spent on roads and bridges.

INCREASED TAXES ON NON-MOTORISTS

The bill also includes tax increases on non-motorists. A 5 cent per gallon tax increase is imposed on activities unrelated to highway or mass transportation: the gasoline and special motor fuels used by motorboats and the fuel used by certain small engines such as lawnmowers and chainsaws. Historically, fuel taxes on these

uses have gone into the Aquatic Resources Trust Fund. The bill, however, deposits all of the increase into general revenues. We question the wisdom of raising these taxes and of diverting tax increases to general spending.

The diversion is particularly acute with respect to gasoline and special motor fuels used by motorboats. The bill diverts 10 cents of the proposed 19 cent tax on such fuels to the general fund. In addition to the 5 cent increase discussed above, the bill retroactively reallocates the 2.5 cents of the increase in OBRA 1990 from the Aquatic Resources Trust Fund tc the general fund. Currently, 2.5 cents of the tax goes to general revenues and 11.5 cents goes to the Aquatic Resources Trust Fund. The bill would result in 10 cents going to general revenues with only 9 cents going to the trust fund. It is indefensible to ask these users to fund additional general spending in the guise of a transportation bill.

The bill attempts to soften the boat fuel tax increase and diversion by partially repealing the Coast Guard User Fee. Although we applaud the partial repeal of this onerous so-called "fee," we note that repeal only applies to boats under 27 feet in length. It would be far preferable to repeal the Coast Guard User Fee completely, using appropriate spending cuts to pay for the repeal rather than using new fuel taxes merely to shift the burden among boaters.

In addition to increasing these taxes, the bill generally extends them for an additional 3 years beyond their September 1995 expiration date. In a bill that primarily authorizes roads and mass transit, it is difficult to defend extension of taxes on railroads, motorboats, and lawnmowers (especially amounts earmarked for so-called "deficit reduction") 4 years before they are scheduled to expire.

WHY IS CONGRESS SPEEDING

The bill calls for 457 different earmarked highway projects having a price tag of $6.8 billion. This is three times the number of projects and five times the cost of earmarked projects contained in the 1987 highway bill vetoed by President Reagan.

The bill is so fraught with defects, misguided policy and special interest provisions, that it is not difficult to understand why the House leadership has resorted to procedural manhandling of this bill. Our colleagues on the House Committee on Public Works and Transportation started construction on H.R. 2950 last January. Similarly, the Senate Committee on Public Works and the Environment spent months negotiating a final package.

In contrast, the Ways and Means Committee had four legislative days to review the reported bill. Worse, the $26 billion tax title was considered by our Committee in less than three hours. That may speak well for our efficiency, but it is a sad commentary on the legislative process.

The House is now being asked to vote on a $153.5 billion spending package and a $26 billion tax increase. The process used to bring this measure to the Floor would suggest we are considering a railroad bill rather than a highway bill.

The President has made it abundantly clear to all that the highway bill will be vetoed if it contains a tax increase. The outlook for approval of a gasoline tax increase in the Senate appears unlikely at best. Why, we ask, are we speeding forward with this bill?

GAMING THE BUDGET ACT

We are discouraged that the Ways and Means Committee, which had a major role in the creation of last year's budget pact, is, through this bill, demonstrating the various ways to destroy that agreement. Others will soon follow with requests to finance every new program through more taxes.

A number of devices have been employed to circumvent the letter and the spirit of a budget agreement less than one year old. The bill begins with labeling, as mandatory spending, expenditures that have always been discretionary. In this manner, additional revenues can be raised to pay for increased spending.

When Congress raises money for mandatory spending, traditionally it is for a defined set of benefits to a specifically entitled group. This bill increases taxes for an undefined annual $6.5 billion in budget authority with no specified use, group or projects identified in the statute. We have created mandatory spending without knowing who is entitled to it. While it is true that dedicated trust fund taxes have always financed highway spending, such spending was also subject to the annual review and limitations of the Appropriations Committee.

Not only are transportation expenditures now mandatory, the outlays from such authority outstrip motor fuel revenues in the outyears. Certainly in FY 1995 and possibly in FY 1994, a PAYGO sequester would occur, given the spending in the original Public Works Committee bill. That means Medicare and a host of other entitlement benefits would have suffered because of a highway bill that was out of control. To prevent this, the Ways and Means Committee included a requirement that direct spending equal net tax receipts.

Thus, to assure the desired accounting of cost, the bill also writes into the law the cost estimate that OMB must use for sequester scorekeeping through FY 1995. This device, frequently used by the House, will prevent us from ever knowing whether actual revenues meet expenditures. Other provisions in the bill prohibit tax savings in FY 1992 and FY 1993 from showing up on the PAYGO scorecard in the preposterous hope that no one will realize they are there to finance a new program. By the time Congress is finished re-writing the budget rules in every bill it passes, the scorekeeping process for determining sequesters will be useless and budget enforcement will be a charade.

We support the general goals of the Public Works Committee bill in addressing America's present and future transportation needs. However, we believe that a responsible transportation program can be developed without a tax increase. Regretfully we must urge the House to reject H.R. 2950.

BILL ARCHER.
PHILIP M. CRANE.
BILL GRADISON.
WILLIAM M. THOMAS.
RAYMOND J. MCGRATH.
ROD CHANDLER.
DON SUNDQUIST.
NANCY JOHNSON.
JIM BUNNING.
FRED GRANDY.

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PRELIMINARY
24-Jul-91

DISTRIBUTIONAL EFFECTS OF INCREASE IN MOTOR FUELS EXCISE TAX (1)
BY INCOME CLASS

1990 Income Levels

Income Class (2)	5-CENT-PER-GALLON INCREASE			10-CENT-PER-GALLON INCREASE		
	Amount	Increase as a Percent of		Amount	Increase as a Percent of	
		Federal Taxes	Total Income		Federal Taxes	Total Income
Less than $10,000	$0.4	2.5%	0.3%	$0.7	5.0%	0.7%
10,000 to 20,000	0.5	0.8%	0.1%	1.1	1.6%	0.3%
20,000 to 30,000	1.0	1.0%	0.2%	2.1	2.0%	0.4%
30,000 to 40,000	1.0	0.9%	0.2%	2.1	1.8%	0.4%
40,000 to 50,000	0.8	0.9%	0.2%	1.6	1.8%	0.4%
50,000 to 75,000	0.8	0.4%	0.1%	1.5	0.9%	0.2%
75,000 to 100,000	0.2	0.4%	0.1%	0.5	0.7%	0.2%
100,000 to 200,000	0.1	0.1%	0.0%	0.3	0.3%	0.1%
200,000 and over	0.1	0.0%	0.0%	0.1	0.1%	0.0%
Total, All Taxpayers	**$4.9**	**0.6%**	**0.1%**	**$9.9**	**1.1%**	**0.2%**

Source: Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

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(1) Includes diesel fuel tax.

(2) The income concept used to place tax returns into income classes is adjusted gross income (AGI) plus: [1] tax-exempt interest; [2] employer contributions for health plans and life insurance; [3] inside buildup on life insurance; [4] workers' compensation; [5] nontaxable social security benefits; [6] deductible contributions to individual retirement arrangements; [7] the minimum tax preferences; and [8] net losses, in excess of minimum tax preferences, from passive business activities.

ADDITIONAL VIEWS OF HON. FRED GRANDY

While I strongly share the views expressed in the preceding dissenting views section, I also believe that there is hope for structuring a compromise that will provide added highway funding without increasing the motor fuels tax above current levels. That compromise is what I call the "Two and a Half Cents for America" proposal.

This proposal is so simple that I believe it confuses some people. What it would do is take the two and a half cents of last fall's five cent gas tax increase that has been going into the General Fund—the so-called "Deficit Reduction Rate"—and redirect it into the Highway Trust Fund.

By making this transfer, several objectives are achieved.

First, the highly regressive gas taxes are not increased at a time when many believe such an increase will have a very depressing effect on our nation's economy. I believe the dissenting views forcefully make this point.

Second, by the end of Fiscal Year 1996, there would be an additional $12 billion in the Highway Trust Fund Highway Account and an additional $3.1 billion in the Transit Account—a total of $15 billion more for transportation needs—without raising the gas tax. While these will not support the $153 billion level of spending in the Public Works mark, it will provide the Senate level of funding plus enough additional money to fund all of the so-called "pork projects" in H.R. 2950 and increase regular apportionments. This additional spending, however, would be required in the outyears—Fiscal Years 1994 and 1995 depending on how the caps under the Budget Agreement work and certainly in 1996 after the Budget Agreement expires.

Third, by approaching transportation funding this way, the Highway Trust Fund is drawn down—something everyone calls for but even the Nickel for America will not do (in fact that proposal doubles the Trust Fund balance)—without endangering future spending under the Byrd or Rostenkowski tests.

Fourth, this concept raises revenue compared with current policies. This is due to the fact that as the "new" redirected 2.5 cents accumulates in the Trust Fund, it will earn interest. Conversely, as the 2.5 cents goes into the General Fund it is expended, not earning any interest.

Fifth, this will correct what many view as a major injustice of the Omnibus Budget Reconciliation Act of last year—that being the use of a gas tax, traditionally viewed as a user fee, to reduce the general deficit, not to be reserved for highway spending. Don't be deceived, the proposal adopted by the Ways and Means Committee would extend this injustice another three years for it not only increases the gas tax five cents, it also extends the two and one half cent "deficit reduction rate" another three years.

I look forward to working with other Members to structure a compromise that will increase transportation funding above Senate levels without raising the gas tax. I believe this is a much better solution than raising the gas tax and extending the deficit reduction tax as proposed in Title VII of H.R 2950 as reported by this Committee.

FRED GRANDY.

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